

 <p>Colorado Energy Office</p> <p>Colorado Energy Mortgage Incentive Program CEO-CEMI-103</p>	<p>Existing Home Reservation Guidelines</p>	<p>Approved: March 11, 2014</p>
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1.0 DISCUSSION: The Colorado Energy Saving Mortgage provides a loan benefit to Colorado resident homebuyers/homeowners based on tiered rebate scale. The goal of this program is to incentivize energy efficiency improvements in homes by providing a finance mechanism, typically saving money on their mortgage and monthly utility bills). Loan details and amounts will be assessed by the lender directly; to ensure that all lending guidelines are followed. The maximum benefit issued will be no more than \$6,000.00 for a home that improves 66 points on the HERS Index or more (maximum HERS score of 84) with a tiered benefit for homes that improve 10 points on the HERS Index Scale (maximum HERS score of 140). The CEO will match non-state sources contribution on a 1 to 1* basis except for cases where the non-state cost share is greater than .50% of the mortgage balance. The benefit will be reimbursed by the CEO to the lender.

It is the policy of the Colorado Energy Office (CEO) to allocate incentive reservations on a first come first serve basis.

When all funding is reserved any future reservations will be put on a waitlist. If a discrepancy occurs, CEO reserves the right to withhold incentive reservation until the discrepancy is resolved

2.0 Incentive Tiers: A home owner must have an initial HERS Index Rating and select improvements with the HERS Rater. The HERS Rater will provide an estimated HERS Index Rating based on selected improvements. The cost of the selected improvements must meet or exceed 2% of the loan amount (minimum capped at \$6,000 for mortgages with a balance greater than \$300,001). Recommendations **must** prioritize energy efficiency improvements; specifically the following three when appropriate: air sealing, adding insulation to meet 2009 IECC levels and installing an ENERGY STAR certified heating system if less than 80% AFUE furnace before solar or other improvements are completed. The benefit will be split equally between state funds and non-state contributions*. The benefit tiers as follows:

HERS Index Rating Improvement of 10 to 20 points**	: \$2,000 benefit
HERS Index Rating Improvement of 21-35**	: \$3,000 benefit
HERS Index Rating Improvement of 36-50**	: \$4,000 benefit
HERS Index Rating Improvement of 51-65**	: \$5,000 benefit
HERS Index Rating Improvement of 66 or greater	: \$6,000 benefit

* If non-state match is greater than .50% of the mortgage balance, the CEO will cover the difference between the non-state match and .50% of the mortgage balance.

**Based on a Maximum HERS Rating of 150. If a home's initially rates at a 170, the improvements must get the home to 140 (a 30 point reduction, but only 10 points from the maximum of 150). A home that initially rates at a 110 must make improvements to at least rate 90 on the scale in order to receive the incentive.

The homebuyer or homeowner may complete a self-selected list of energy efficiency and/or renewable energy improvement,(the help of their energy auditor is recommended), after the basic program requirements are met.

To participate in the existing home path, follow these five steps:

Step 1: Call a local RESNET certified energy auditor

Step 2: Determine what improvements will be made to the home to meet or exceed 2% of the loan amount and estimated point reduction from the measures

Step 3: Contact a participating lender, verify eligibility and sign a participation agreement

Step 4: Work with energy auditor to complete improvements

Step 5: Submit verification and paperwork to the lender

3.0 Reservation Procedures: The mortgage originator must be in good standing with the Colorado Secretary of State and follow these steps to reserve an incentive for the home buyer.

3.1 Provide business W-9 of the mortgage originator

3.2 Include Fees Worksheet or equivalent documenting incentive amount

3.3 Include Reservation Request Document

3.4 Send email ceo_grants@state.co.us with all required information

4.0 Reservation Confirmation: Within 1 business day of incentive reservation email, the CEO will confirm whether the incentive was accepted, put on a wait list, or contains missing or inaccurate information. If the incentive application includes missing or inaccurate information, the home buyer will lose their place in the incentive queue. When a corrected and approved incentive reservation is completed, the reservation will use the time stamp of the correct submittal email time.